

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)	
)	
Developing a Unified Intercarrier)	CC Docket No. 01-92
Compensation Regime.)	
)	
)	

COMMENTS OF THE NEBRASKA PUBLIC SERVICE COMMISSION

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I. INTRODUCTION

These comments are filed in response to the Commission's Public Notice issued February 16, 2007 in the above captioned docket.¹ The Commission seeks comment on the proposed amendments, referred to as the Federal Benchmark Mechanism (FBM), which were described in an ex parte letter filed January 30, 2007 (corrected on February 5, 2007). The Nebraska Public Service Commission (NPSC) was a signatory state on this ex parte letter supporting the adoption of the proposed amendments. The NPSC files these comments simply to be on record related to specific actions taken by the NPSC with respect to access charges and local rates and its support of the FBM.

II. DISCUSSION

Shortly after the Telecommunications Act of 1996 (the Act) was passed by Congress, the Nebraska Legislature studied the idea of establishing a state universal service mechanism to supplement the federal mechanism as described in section 254 of the Act. In 1997, the Nebraska Legislature enacted the Nebraska Telecommunications Universal Service Fund Act (NUSF Act) to supplement the federal universal service support mechanism and ensure that all Nebraskans, without regard to their location, have comparable accessibility to telecommunications services at affordable prices. Neb. Rev. Stat. § 86-317 (2006 Supp.).

In early 1999, after a series of public meetings and hearings, the NPSC decided it was appropriate to rebalance the rates charged to consumers statewide to realize the

¹ *Comment Sought on Amendments to the Missoula Plan Inter-carrier Compensation Proposal to Incorporate a Federal Benchmark Mechanism*, CC Docket No. 01-92 (February 16, 2007) ("Public Notice").

“comparable accessibility” goals of the NUSF Act. In order to facilitate comparable accessibility, the NPSC established an affordability benchmark of \$17.50 for residential service. All telecommunications companies electing to receive support from the Nebraska Universal Service Fund (NUSF) were required to adjust their rates to the benchmark set by the NPSC. Telecommunications companies electing not to draw from NUSF could charge a lower rate than the benchmark. The setting of the benchmark increased local rates by \$14 million in order to equalize rates across the State

Further, the NPSC required all carriers to eliminate the implicit support mechanisms in intrastate access rates throughout the state. All local exchange carriers were required to reduce intrastate access rates to approximate interstate levels. NUSF funds were then allocated to carriers to recover the costs of removing the implicit subsidies from access charges and other rates. The NUSF surcharge is currently set at 6.95% of a carrier’s intrastate revenue and generates approximately \$65 million per year. Since its inception, the Nebraska Universal Service Fund has proven to be a stable source of cost recovery. To date, the Nebraska Commission has reduced intrastate access rates by more than 56% and removed nearly \$72 million in implicit subsidies.

III. CONCLUSION

The Nebraska Public Service Commission supports the Federal Benchmark Mechanism proposed by the Commission. Nebraska was proactive in creating a state universal service fund to supplement the Federal USF. Because of the creation of NUSF and the action taken by the NPSC, Nebraska has reduced the burden on the Federal USF. The NPSC respectfully submits that the action taken in Nebraska may be applicable as the Commission considers the FBM and different proposals to realize the

goals of the Act, namely comparable accessibility and affordable rates for all consumers.

Respectfully Submitted,

The Nebraska Public Service Commission

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